

MEETING NOTE

Advice to Minister Kang

MEETING DATE: February 3, 2020

CLIFF#: 112583

ATTENDEES: Honourable Anne Kang, Minister of Citizens' Services (CITZ)
Krystal Smith, Senior Ministerial Assistant
Michelle Babchuk, Chair of the Strathcona Regional District
Susan Stanford, Assistant Deputy Minister, ICT Division, CITZ

ISSUE: Meeting with Strathcona Regional District on Connected Coast Network update

BACKGROUND:

The Connected Coast Network project was announced by the federal government in January 2018 based on a federal conditional letter of support. Since the announcement was made the project has entered a federal due diligence process leading to the execution of funding agreements by various funders.

The Connected Coast Network is in the early planning stages. When it goes to implementation (construction) it will involve the installation of over 3,400 km of sub-sea fibre-optic cable, stretching from north of Prince Rupert, to Haida Gwaii (Masset), south to Vancouver and around Vancouver Island.

The project leads are CityWest Cable & Telephone Corporation (CityWest) and the Strathcona Regional District (Strathcona). They have partnered to own and operate a new Connected Coast Network.

The Connected Coast Network does not include last-mile builds, but once the landing sites are complete, the new fibre backbone will enable increased last-mile internet speeds and reliability.

The project originally envisioned 154 landing sites, including 56 Indigenous communities representing 44 First Nations along the BC coast from north of Prince Rupert, to Haida Gwaii, south to Vancouver, and around Vancouver Island

Total project investment is \$45.4 million, co-shared between the federal and provincial governments.

- \$22 million will come from the Connect to Innovate program, administered through Innovation, Science and Industry (Innovation Canada).
- \$12 million will come from Indigenous Services Canada.
- \$11.4 million will come from the Province, through the Connecting British Columbia program administered by the Northern Development Initiative Trust (Northern Development).
- The total aggregate amounts as committed by the major funders for the CityWest and Strathcona projects is unchanged, apart from the added scope for connecting Tlowitsis First Nation. All Nations Trust Company's Pathways to Technology project and Innovation Canada will each contribute an estimated \$187,600 in new funding.

DISCUSSION:

Strathcona may raise various aspects of the project with Minister Kang noted below, including the introduction of project scope changes.

Funding Agreements:

- CityWest has fully executed funding agreements from all three funding partners. Strathcona has full board authorities to execute agreements and the agreements with Indigenous Services Canada and Northern Development is expected to be executed shortly.
- The federal government views the Connected Coast project as one project even though there are two recipients each responsible for their section of the cable. The federal government expects the project to be completed by March 2021.

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Project Procurement Process

- Once all agreements are fully executed, then the project leads will proceed to an open procurement(s) to select suppliers for the fibre, fibre deployment and for a project manager for the installation.
- Recipients will be expected to use a fair, competitive and transparent process to ensure best value for money when supplies, equipment and services are purchased or personnel are hired.

Tax Implications

- Building a new fibre route with landing sites will have tax implications for each of the project leads as determined by BC Assessment valuation of the new fibre asset and the Ministry of Finance taxation rules. BC Assessment has a 'Permissive Tax Exemption' process and may be a viable route for CityWest, however, may be logistically challenging for Strathcona due to the large number of regional districts.

CONCLUSION:

The Connected Coast Network project is a multi-year complex undertaking.

- Strathcona should work through the existing process for permitting and for any BC Assessment tax exemption process.
- Before considering a project scope change, Strathcona should carefully consider all options, including the addition of new project partners, or as a last resort, the assignment of the project to a new partner.
- The Province can assist Strathcona to find new project partners, including options to assign the project to another partner.
- The Province would not support a change of project scope without all options being carefully reviewed by the project leads and with the support of the federal government as lead funder.

Attachment: Map of Connected Coast Project
 Contact: Susan Stanford, ADM ICT Division, 778 698-2349

DECISION NOTE

Advice to Deputy Minister

DATE: January 21, 2020

CLIFF#: 112529

ISSUE: Allocation of the Cellular Negotiated Benefits

BACKGROUND:

As part of the Telecommunications Service Master Agreement (TSMA), the Telecommunications Office works closely with TELUS to ensure maximum value under the TSMA for participating ministries and the broader public sector (BPS). The Telecommunications Office entered into negotiations with TELUS to review the voice and data plans.

The negotiations included new subsidized voice and data plans, which resulted in a reduction in voice and data plan charges of approximately 18% and the introduction of 5GB plans increased data pooling capacity. The joint approach identified a negotiated benefit of \$3.9 million for the voice and data plans for the BPS of which core government will receive a one-time payment of \$1.4 million before taxes.

DISCUSSION:

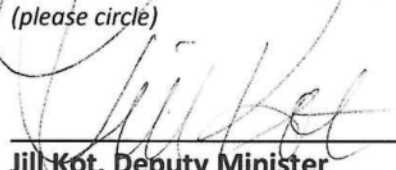
The Information Communication Technologies Division (ICT) presented the financial results of the project to the Ministry of Citizens' Services Executive Committee (CITZ). At that meeting, it was decided that CITZ would distribute half of the identified negotiated benefit to core government based on the ministries' voice and data usage, recognizing the current budget constraints, (see Appendix 1 Negotiated Benefit Allocation and Estimated Ongoing Savings).

In addition to the one-time negotiated benefit, the new plan rates will provide ministries and the BPS with ongoing cost reductions to their voice and data plans. The Telecommunications Office estimates that core government will save approximately \$0.97 million annually, based on the new rates and ministries' current voice and data usage (see Appendix 1 Negotiated Benefit Allocation and Estimated Ongoing Savings).

RECOMMENDATION: Distribute the negotiated benefit to core government as per Appendix 1

APPROVED
(please circle)

NOT APPROVED


Jill Kot, Deputy Minister


Date Signed

Attachment: Negotiated Benefit Allocation and Estimates Ongoing Savings
Contact: Susan Stanford, ADM Information Communication Technologies Division, 250 580-7459

Appendix 1 Negotiated Benefit Allocation and Estimated Ongoing Savings

Ministry/Organization	Negotiated Benefit	Estimated Annual Savings	Transfer Amount	PST Transfer
Advanced Education, Skills & Training	12,546.20	8,200	6,273.10	439.12
Agriculture	20,924.14	14,900	10,462.07	732.34
Attorney General	109,883.13	75,900	54,941.57	3,845.91
Children & Family Development	199,481.04	151,700	99,740.52	6,981.84
Citizens' Services	105,578.83	67,700	758,675.82	53,107.31
Education	26,744.01	17,300	13,372.01	936.04
Energy, Mines & Petroleum Resources	28,790.43	18,800	14,395.22	1,007.67
Environment & Climate Change Strategy	71,511.40	48,000	35,755.70	2,502.90
Finance	67,532.90	45,900	33,766.45	2,363.65
Forests, Lands, Natural Resource Operations & Rural Development	211,916.60	147,900	105,958.30	7,417.08
Health	31,910.35	22,900	15,955.18	1,116.86
Indigenous Relations & Reconciliation	27,351.40	18,600	13,675.70	957.30
Jobs, Trade and Technology	18,305.97	11,800	9,152.99	640.71
Labour	1,946.79	1,300	973.40	68.14
Mental Health & Addictions	9,889.55	6,100	4,944.78	346.13
Municipal Affairs & Housing	14,887.47	10,300	7,443.74	521.06
Public Safety & Solicitor General & Emergency BC	71,709.34	47,800	35,854.67	2,509.83
Social Development & Poverty Reduction	30,977.95	20,300	15,488.98	1,084.23
Tourism, Arts & Culture	8,021.98	4,900	4,010.99	280.77
Transportation & Infrastructure	272,865.30	187,100	136,432.65	9,550.29
BC Liquor Distribution Branch	27,460.81	18,900	13,730.41	961.13
Government Communications and Public Engagement	25,274.52	16,300	12,637.26	884.61
Intergovernmental Relations Secretariat	7,559.77	6,300	3,779.89	264.59
Office of the Chief Judge	2,116.71	1,700	1,058.36	74.08
Office of the Premier	6,586.22	4,100	3,293.11	230.52
Totals	1,411,772.81	974,700	1,411,772.81	98,824.10
GST to Finance			70,588.64	

Total Negotiated Benefit including PST and GST				1,581,185.55
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